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FISHER HEARING

(Continued from Page 2)

sociation. If thought the system in vogue in New Zealand and Australia should be tried. That system is governmental control of the markets and responsibility for handling the growers' crops.

He outlined a system of somewhat the same character that he thought might be tried. The trouble in organizing an association such as the fruit growers' association of California lies in the heterogeneous population and mixed nationality of the farmers.

Asked what he thought of the appointment of a local public utilities commission, Mr. Thurston said he thought that if it were to be chosen by appointment by the Governor and approval of the Senate, he would say it would be a good thing, but if the members were to be elected it would prove disastrous to the country.

He told of the formation of the co-partnership idea on Maui, resulting in the passage of the law and the appearance then of the Maui Agricultural Company. He stated, in defense of the statute, that the companies would eventually have amalgamated anyhow.

Attorney Hemenway, called upon, then explained the details of how the statute was drafted, and indicated that it was done especially for the benefit of the two companies combined in the Maui Agricultural Company.

Mr. Thurston made a statement of the circumstances surrounding the Olua Plantation, which has been accused of reducing its payments to planters for small crops, of 35 per cent, from the rates paid in former years.

He said that when he first went into the sugar planting business he was enthusiastic over the small homestead, and having charge of the contracts, gave the small planters far better terms than any of the other plantations would do. Eventually he had about 400 such contracts out, and some three or four years ago discovered to his chagrin, that only one white planter actually remained on the land, the others applying absentee landlordism, leasing to foreigners. Homestead conditions were not improved, he found, and the plantation found itself under a bonded debt of \$500,000. A large number of these homesteaders were finally bought in by the Olua Plantation.

these purchases amounting to about \$125,000. He said the corporation, now in its thirteenth year, has never yet paid a dividend.

Then the contract was reduced to make up for the extra high previous one, probably to terms lower than what the corporation really needed to live on, yet liberal enough to still enable the small growers to make good profit on their crops.

Some of those homesteaders who have offered to pay all expenses, calling on the mill only to take their crop and pay them the cash, he said have received a little better terms than others for whose crops the mill is required to assume some responsibility.

Thurston reiterated the statement of other big planters, that the white man is inclined to keep away from actual manual labor in the fields.

Mr. Ivers was then called and asked for information on contracts between plantations and growers. He told of the new contracts he had drawn, after a careful study of conditions, that was intended to be fair to mill and homesteader alike.

Regarding the contract used at Kula, Mr. Fisher remarked that the sliding scale did not provide for cane having sucrose content of less than 87 per cent. Ivers agreed it was hardly fair, though arguing that cane seldom has less sucrose content than that, and explaining that such sliding scale does provide for rates for cane under 87 per cent analysis in the case of the plantation at Hilo.

Figuring out his contracts on the 4 cent market basis, Ivers said that in a 3-year period the cost to the grower per acre would be \$107. He would receive, figuring 45 tons of cane per acre, \$191 or a profit of \$84 per acre, not counting out the interest on the money invested.

He gave figures showing what he thought the small grower should make per acre with New York market prices at various points, and the production of different amounts per acre.

He explained that the San Carlos contract, given in the Philippines is about \$2 per acre more favorable to the small grower there than in these islands.

The Secretary then began an inquiry into immigration matters. Ivers in answer to Mr. Fisher's statement that he understood abuse of the privilege was made in importing Filipinos, in that they were not examined carefully enough.

Ivers replied that Federal officials have entire charge of such examinations and are responsible.

The Secretary said that he had been informed by responsible plantation men, who for obvious reasons did not care to have their names given, that immigrants had been forced to leave the immigration station and sometimes to go to certain plantations when they wanted to go to others, or to none at all.

Mr. Ivers said that a few instances had occurred in which he had compelled them to leave the station, when they didn't want to go away from it at all and had already loitered around for a long time, living off the Territory.

In answer to a question from Olson, Ivers said no mere labor contracts are made by plantations with immigrants. They do make crop contracts, however.

He said, in answer to a question from Ashford, that not more than one or two were ever physically forced to leave the immigration station.

He told of the troubles that arose with the Russians brought here, ending with the statement that of the 1,086 brought here, about half have gone to the mainland, and that of the 1000 Russians now in the Territory, about 250 are on plantations.

Mr. Thurston volunteered an explanation of the blowing open of the safe with dynamite during the strike some years ago. He spoke for Attorney Kinney, who would not be present, and told Kinney's story of the entire affair. According to it, Kinney figured that the end justified the means.

"The explanation does not leave me with any clearer view of just why Mr. Kinney did it than I had before," remarked Secretary Fisher. Kinney, Thurston said, faced two horns of a dilemma—one the question of going into the court without sufficient evidence to convict; the other, the question of violating the law to get the incriminating evidence.

S. T. Starrett, Superintendent of Public Marketing, was asked a few questions. Starrett said he feels that freight rates to the mainland are very fair. He said he is optimistic as to

the development of small farming, and said that as far as freight rates, including Inter-island rates, are all right except that perhaps in one or two cases the landing charges are excessive.

In answer to Mr. Fisher's question, Gov. Frear said it is a question whether the harbor commission has authority to regulate rates at privately owned wharves where the general public is served.

Mr. Starrett thought that if the Government would help small growers in the matter of water the diversified farming could be made profitable in the Territory.

He was then excused, and the Governor asked if he had any statement to make that he had overlooked. He recalled none, and Attorney Ashford asked him regarding the license for water held by the Laupahoehoe Plantation.

This, with the general statements by the Governor, Ashford and Mr. Ashford, ended the hearings.

THURSTON ON STAND

Fisher: Mr. Thurston, I think if it suits your convenience, we will start with you this morning.

Olson: Before starting I would like to call your attention to the opinion, which was referred to yesterday, on subject to Licenses, Volume 31, page 281. The Opinion was rendered under date of April 4, 1912 by Assistant Attorney General — to the Minister of the Interior, and approved on March 4th by A. F. Hitchcock. I want to substitute a copy of this Opinion.

Fisher: Mr. Thurston as a matter of record, will you give us your full name?

Thurston: Lorrin A. Thurston.

Fisher: You have been identified for many years with these islands?

Thurston: I have; I was born here.

Fisher: You were born here; and were your father and mother born here?

Thurston: Both my parties were born here. My grand parents came here as missionaries.

Fisher: Since you have been an adult, what has been your occupation?

Thurston: I am a lawyer by profession, but I have not been practicing for about twelve years. At present and for some time past I have been connected with railroads and plantations.

Fisher: What railroads and plantations?

Thurston: The Olua Sugar Company, the Puna Sugar Company and the Hilo Railroad Company.

Fisher: What position do you hold with these companies?

Thurston: I am President of the two sugar plantations and vice-president and general manager of the Hilo Railroad Company.

Fisher: How active is your position in the affairs of the Hilo Railroad Company?

Thurston: I am actively acting as General Manager.

Fisher: The railroad is on the Island of Hawaii?

Thurston: It is.

Fisher: Do you maintain a residence there?

Thurston: I am supposed to, but as a matter of fact I am back and forth so much, that I am about as much in Honolulu as Hilo.

Fisher: You are familiar then with the transactions relating to the recent acquisitions by the Railroad Co. of terminal sites in the City of Hilo?

Thurston: Fully.

Fisher: I wish you would state what justification there is for the acquisition of the terminal Tract "A" (I think it is) on the map.

Thurston: That is at Kuhio Bay, you refer to?

Fisher: Yes.

Thurston: Perhaps I can make the situation a little clearer if I go back and give you somewhat of a chronological statement of what led up to us asking for this Tract "A."

Fisher: Mr. Dillingham gave us yesterday a general history of the enterprise, which it is not necessary to repeat, but transactions relating to this terminal I would be glad to have you relate.

Thurston: I will not relate to the general history of the enterprise, but merely in connection with the question of terminals. The Hilo Railroad Company's franchise gives them the right to construct railroads covering all the island of Hawaii. It was their intention to build both ways from the City of Hilo—both north and south. Very early in the development of the company's interests other parties from the mainland appeared on the

ground, stating that they were prepared to build north from Hilo. To make a long story short, the Hilo Railroad Company gave up the idea of building north, and left the Kohala-Hilo Company to run their lines north, so as not to duplicate the roads, and decided to build south, terminating their road at Waiakae, where its terminal site now is. That, as you probably know, is about a mile from the center of Hilo town. It soon became evident that that was located at an inconvenient point; and constant complaints were made of the expense of getting both passengers and freight from Hilo to Waiakae; and a continued suggestion that the Company extend its terminal over to Kuhio Bay. In order to test the opinion upon the subject, I personally interviewed all of the property owners along the lines, who were available, and found that they were unanimously in favor of the proposition; but that most of them were willing to give a free right-of-way over their property to get there; and others charged a comparatively small sum for such rights-of-way. Accordingly a petition was drafted by myself and submitted to the property owners and the principal residents, setting forth their desire that this extension be made. Upon that being signed, and all the property owners and residents to whom it was submitted did sign it, there was a petition and a tentative line of extension brought by me to Honolulu and submitted to Governor Dole and to the Superintendent of Public Works, Mr. McCandless, this being, as I recollect it, in 1901.

The question of the location of the depot site was a vital one. In the opinion of the railroad administration the best place was about two-thirds of the way to Hilo, at the foot of Waiakae street—the present station site, being on the piece of land owned by W. R. Castle and the Hitchcock Estate. Negotiations were had with those property owners, and the station site secured and the building erected. The matter of a station at the foot of Waiakae street was also considered, and it was thought that that would be a convenient location for passenger travel. The only objection to it was that it was so small, containing only an acre. Moreover, the Postoffice was located there, and about a half of it was under lease to a merchant at that time. The matter was therefore discussed with Dole and McCandless, and an objection was made to granting the portion on which the Postoffice and this other store were located; and accordingly the application at that time was limited to the portion in the rear of the Postoffice, toward the river, excluding all but a very small edge leased to Mr. Holmes. The railroad company made private arrangements with Mr. Holmes for the piece leased to him. For some considerable time after this was approved by the Governor and Mr. McCandless, nothing was done toward putting a station there. My recollection is that it was a couple of years, and the station was put on the Castle-Hitchcock premises. Our expectation as to where travel and business would center proved entirely false. Practically nobody went to the station, and everybody wanted to get aboard at the foot of Waiakae street. Meanwhile, the other railroad company, the Kohala-Hilo, which had undertaken to build north from Hilo, changed its lines to come down to the waterfront with its plan. The approval of the location of the Waiakae street station, and the location along the waterfront, was a bear approval, there being no deed passed. It had been the custom with other railroads of the company to consider such approval as passing the title, and there is apparently a good law supporting that view on the mainland under similar statutes. The question I am getting a little ahead of my story.

Before the site applied for at the foot of Waiakae street was approved, the Kohala-Hilo company applied for the same piece of land, both of us asking for the whole of it. Half of it was not enough. Mr. McCandless, like Solomon, finally decided to divide the lot and gave each of us half. Neither company was satisfied, but took it as it was the best we could get. The reasons specifically given at the time of why the Hilo Railroad Company was not given the full half of this mauka lot was that the Postoffice was located there, covering an area of about 41x20 feet. The balance was rented. The Kohala-Hilo company at that time intended to run

their lines across the Waiakae river. They later concluded that they wanted to go up where the Hilo market now is, swinging inland, and they accordingly proposed to the Hilo Railroad Company to exchange certain rights-of-way. An exchange deed was executed between the two companies, which I have here. I produce it more particularly because the map shows the situation very clearly. Later on the suggestion having been made from responsible sources that the government was approving too many locations, rights-of-way, etc., cutting through government lands (there being up to that time 21 such applications), as shown in letters on file in Mr. McCandless' office, it was thought that it would be preferable to put them in the form of a formal grant which could then go on record, and be filed with other conveyances of government land. Accordingly, in 1903, Henry E. Cooper then being superintendent of public works, a computation of all the approvals that had been made up to that time of rights-of-way and station sites occupied by the railroad company was put into one grant and a formal deed made to the Hilo Railroad Company thereof by Mr. Cooper. We had another map attached to this grant showing the changes incident to the exchange with the Kohala-Hilo Railroad Company. (Shows map to Secretary Fisher and Mr. Ashford, and explains the different locations, etc., referred to in his statements above.)

Fisher: That is to say, Mr. Thurston, as a result of the exchanges between the two companies, the Kohala-Hilo Railroad Company acquired property on the side of the shaded black line shown on the map, which is toward Hilo Bay.

Thurston: Toward Waiakae River.

Fisher: Whereas the Hilo Railroad Company retained the portion on the other side of the shaded black line, which is toward the corner of Front street and Waiakae street. Is that correct?

Thurston: That is correct. There still remains the Postoffice lot on the corner, which was not conveyed to either company.

Fisher: The Postoffice site was not conveyed to either company. Is that correct?

Thurston: That is correct.

Thurston: To proceed, shortly after this the Kohala-Hilo Company got into difficulties, financial difficulties, and the lot granted them was sold at public auction and bought in by a private party by the name of Humbert. He attempted to get title to it before the Courts, but failed to get a registered title. He thereupon attempted to sell the title to the Hilo Railroad Company, it being at that time evident that the Kohala-Hilo Company was apparently going out of business; and the Hilo Railroad Company took up the project of trying to extend the line north from Hilo. The Hilo Railroad Company bought the title from Mr. Humbert, paying a nominal sum therefore, being the amount of his claim against the Kohala-Hilo Co. The question then arose as to whether or not the Hilo Railroad Company had acquired a good title through Mr. Humbert, being made for railroad purposes only, and it having passed out of the railroad company into the hands of a private citizen; and the question was whether or not the title would there, by lapse, it seemed to be a pretty good question to look up and settle, before anybody else raised it. And we then brought the matter up before the then Governor.

Fisher: Who was that?

Thurston: That was Governor Frear. At that time the Federal Government had acquired a lot for the Federal building, and an appropriation was made by Congress, for the erection of the Federal building, including the postoffice. The lot occupied by the postoffice would not then be needed for this purpose; and the Hilo Railroad Company accordingly applied to Governor Frear and the Superintendent of Public Works, Campbell, for a grant covering both the lots which it and the Kohala-Hilo Railroad Company had previously had; and also including the corner where the postoffice site was located, as the reason for not granting this corner to the company had now passed. The Hilo Railroad Company had perfected plans for extending north, and would require the entire lot, of approximately an acre, both for railroad and public reasons, for a railroad site. The matter was under consideration for some time, and finally

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THE CLARION

the application of the railroad company was granted, but a reservation was placed in the grant that so long as the U. S. Government desired to continue the use of the postoffice site, they should have the use of it; and if the railroad company at any time contemplated the erection of a permanent building, and should erect such permanent building, it should be made to provide for the postoffice, giving the same amount of room as it now occupied. This is on the face of the grant. Those were the conditions incident to the Waiakae Street Lot which I have mentioned here, although not connected with the line "A."

Up to this time there had been no suggested plan of the extension of the railroad to Kuhio Bay or vicinity, although it was known that in view of the breakwater appropriation, sooner or later something would have to be done at that end of the line. Here a couple of years ago the railroad company applied to the government for permission, under its general franchise, to build a wharf at Kuhio Bay. There was a great deal of public discussion, and public meetings were held here and at Hilo, in connection with the type of wharf to be built, location of wharf, and other phases of the question.

Fisher: Including the question of their exclusive rights in any such wharf?

Thurston: No; that was later. Finally the franchise was granted to the Hilo Railroad Company two years ago to build a wharf, and they prepared elaborate plans, spending a year in getting soundings, borings, etc., and were prepared to go ahead and build the wharf. In the grant, however, Governor Frear inserted a provision that at any time the Legislature appropriated money to build a wharf at Kuhio Bay, and the railroad had not at that time built the wharf, the government could take away the franchise and build a wharf itself; or if the wharf were built, they could take over the wharf on paying its value to the Hilo Railroad Company, the value to be arrived at in some stated way. The last Legislature, as a matter of fact, appropriated \$200,000 with which to build that wharf; and immediately, through the proper channels, demand was made upon the railroad company

to turn over whatever it had done for the amount of expenditures, which was done, and the government paid the amount of expenditures, which were \$2500. A contract was then negotiated between the government and the railroad company for the extension of their tracks from its Waiakae terminal—a distance of a little less than two miles—to the Kuhio Bay wharf site. The special reason for the negotiation of this contract was that there was no communication to that point; and it was necessary to get the railroad there first before the wharf could be built. It was a matter of immense importance to the railroad for the reason that the building of this wharf at that location was going to change its entire terminal location and facilities. Practically all that they had before at Waiakae became a side issue; and they would need terminal grounds, switches, etc., at Kuhio Bay. They accordingly applied for sufficient land which would give such facilities. The amount which was applied for, as I recall it, was in the neighborhood of 70 acres. There were negotiations, extending over perhaps six to nine months before myself and Mr. Campbell, occasionally consulting the Governor, forty acres was the amount finally granted. The original location which the railroad company asked for was adjacent to the waterfront, and also to the wharf. The government refused to grant that location, stating that it was the policy of the government to retain all of the waterfront, and that an open space of several hundred feet (I forget exactly what it is—somewhere between 200 and 400 feet) was granted to the railroad company, and being inland to that and on the side opposite to the town of Hilo.

[Lack of space prevents further details of Mr. Thurston's statement today. It will be continued tomorrow.]

Alexander & Baldwin, Ltd., this afternoon received the following cablegram from the New York office of the corporation:

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